



2009 ASSEMBLY JOINT RESOLUTION

- 1 **To create** section 11 of article VIII of the constitution; **relating to:** creation of a fiscal
2 responsibility fund.

Analysis by the Legislative Reference Bureau

Currently, the state maintains a budget stabilization fund which is established and administered as required by statute. This proposed constitutional amendment, proposed to the 2009 legislature on first consideration, requires the legislature to establish a fiscal responsibility fund in the treasury, and to deposit into the fund the greater of: a) 1 percent of the actual general fund tax collections in the second preceding fiscal year; or b) the amount, if any, by which actual general fund tax collections in the second and third preceding fiscal years exceeded 6.5 percent of state personal income in the third and fourth preceding calendar years, respectively. The 6.5 percent threshold may be modified by law by a two-thirds vote of the legislature. The amendment would permit the legislature to appropriate moneys from the fund by a two-thirds vote or by a majority vote if the governor declares that the national real gross domestic product is projected to decline in either the current or succeeding fiscal year. In each fiscal year following a fiscal year in which the balance in the fiscal responsibility fund exceeded 10 percent of actual general fund tax collections in that fiscal year, the legislature shall appropriate by law from the fiscal responsibility fund the excess to be used for property tax relief in the same manner as the net proceeds of the state lottery under article IV, section 24 (6) (a).

A proposed constitutional amendment requires adoption by two successive legislatures, and ratification by the people, before it can become effective.

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- 3 *Resolved by the assembly, the senate concurring, That:*

1 **SECTION 1.** Section 11 of article VIII of the constitution is created to read:

2 [Article VIII] Section 11. The legislature shall provide by law for the
3 establishment of a fiscal responsibility fund in the state treasury. In each fiscal year
4 ending in an even-numbered calendar year, the state shall deposit into the fund the
5 greater of: a) 1 percent of the actual general fund tax collections in the second
6 preceding fiscal year; or b) the amount, if any, by which actual general fund tax
7 collections in the second and third preceding fiscal years exceeded 6.5 percent of state
8 personal income in the third and fourth preceding calendar years, respectively. The
9 legislature may increase or decrease the 6.5 percent threshold by law by a two-thirds
10 vote of the members present in each house of the legislature. In this section, general
11 fund taxes mean those taxes that were treated as general purpose revenue under the
12 statutes in effect on January 1, 2011, and new, increased, or expanded taxes or fees
13 used to support programs that derived a majority of their state funding from general
14 purpose revenue under those statutes. The legislature may appropriate or transfer
15 from the fiscal responsibility fund by law by a two-thirds vote of the members
16 present in each house of the legislature or by a majority vote of the members present
17 in each house of the legislature if the governor declares that the national real gross
18 domestic product or its successor index is projected to decline for two or more
19 quarters in the current or succeeding fiscal year. In each fiscal year following a fiscal
20 year in which the balance in the fiscal responsibility fund exceeded 10 percent of
21 actual general fund tax collections in that fiscal year, the legislature shall
22 appropriate by law from the fiscal responsibility fund the excess to be used for
23 property tax relief in the same manner as the net proceeds of the state lottery under
24 article IV, section 24 (6) (a).

SECTION 2. Numbering of new provisions. If another constitutional amendment ratified by the people creates the number of any provision created in this joint resolution, the chief of the legislative reference bureau shall determine the sequencing and the numbering of the provisions whose numbers conflict.

Be it further resolved, That this proposed amendment be referred to the legislature to be chosen at the next general election and that it be published for 3 months previous to the time of holding such election.

(END)